

News Release



Controller of the State of California - Kathleen Connell

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FOR IMMEDIATE RELEASE

STATE CONTROLLER KATHLEEN CONNELL REQUESTS ISSUANCE OF \$12.5 BILLION REVENUE ANTICIPATION NOTE

Sacramento, September 25, 2002 – State Controller Kathleen Connell released the largest Revenue Anticipation Note (RAN) sale request in California history. In a letter to State Treasurer Philip Angelides yesterday, Controller Connell called for a \$12.5 billion RAN in order to cover cash flow imbalances throughout the fiscal year.

“Given the uncertainty of California’s current economic climate and its direct impact on State tax revenues, the continued delay in the sale of the energy bonds to repay the General Fund, and a shortfall in the projected revenue in recent months, I am obligated to make a request for the issuance of a Revenue Anticipation Note,” stated Controller Connell. “Based on my office’s revenue projections, I have made a request in the amount of \$12.5 billion.”

The Controller’s Office’s projections for fiscal year 2002-03 are approximately \$3 billion below the Budget Act cash flow prepared by the Department of Finance. While the Controller’s Office finds the Department of Finance’s Fall 2002 revenue estimates to be within a reasonable range, it is believed that the Department of Finance revenue projections from January 2003 through June 2003 are substantially inflated. In addition, the State must have an adequate reserve should either of the tobacco bond sales be delayed in Spring 2003.

In her September 24 letter, Controller Connell outlines several critical issues necessitating the issuance of a \$12.5 billion RAN in order to ensure the financial integrity of the State.

“The State’s cash flow position in October 2002 is extremely time sensitive given the delayed energy bond repayment to the General Fund,” said Controller Connell. “It is imperative that the State General Fund receives the RAN proceeds by October 18, 2002, to provide adequate resources to meet the State’s obligations.”

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A copy of Controller Connell’s September 24, 2002, [letter](#), and Controller’s Office Cash Flow [document](#) are attached

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